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## Viewing cable 07ATHENS2171, GREECE AND RUSSIA: THE GROWING TIES -- THAT BIND?

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- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
<a href="#">07ATHENS2171</a>	<a href="#">2007-11-06 15:03</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Athens</a>

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C O N F I D E N T I A L SECTION 01 OF 03 ATHENS 002171

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E.O. 12958: DECL: 11/06/2017

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SUBJECT: GREECE AND RUSSIA: THE GROWING TIES -- THAT BIND?

REF: A. 06 ATHENS 1298

[1](#)B. ATHENS 2137

Classified By: CHARGE D'AFFAIRES, A.I., THOMAS COUNTRYMAN. REASONS 1.4  
(B) AND (D).

¶1. (C) SUMMARY AND INTRODUCTION: Since the collapse of the Soviet Union, economic, political, religious, and cultural ties between Greece and Russia have deepened and broadened. Increased economic cooperation -- particularly in the energy field -- has been the most conspicuous area of growth, but an up-tick in cooperation in other areas is notable as well. As Russia lately has re-asserted its claim to great-power status and global influence, primarily through its dominance of energy markets, questions naturally have arisen in Athens about the expanding relationship and Greece's ability to manage it. Observer opinions are sharply divided over the dangers inherent in the expanding relationship; some believe Greek diplomacy lacks the expertise and perspective to manage it effectively. So far, GOG efforts are focused on protecting Greek interests, particularly in energy. Greece sees its relations with Russia in strategic terms but has a hard time articulating the strategy. END SUMMARY AND INTRODUCTION.

#### THE EXPANDING RELATIONSHIP

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¶2. (U) Bilateral trade drives Greek-Russian relations and has significantly grown in volume over the last decade. According to statistics published by the Greek Embassy in Moscow, total bilateral trade in 2006 amounted to over 4 billion euro, with Greek exports to Russia (441 million euro) dwarfed by Russian imports to Greece (3.58 billion). Trade with Russia accounted for nearly five percent of Greece's cumulative trade turnover. In the period 2004-2006, Russia climbed from 14th to 11th largest importer of Greek goods and from 5th to 3rd largest exporter to Greece. Energy represents the most important sector in bilateral trade. Greek imports from Russia consisted almost entirely of energy products (83 percent), with Russia supplying 60 percent of Greece's petroleum and 82 percent of its natural gas (ref a).

¶3. (C) Russia has also aggressively courted Greece in its new-found role as a regional energy transit leader. After a delay of many years, Russia, Greece, and Bulgaria signed an agreement on the construction and operation of the Burgas-Alexandroupolis (B-A) oil pipeline in March 2007, though negotiations subsequently bogged down over supply-share arrangements. The Russians have also pushed the Greeks very hard to allow Russian gas to flow through the Turkey-Greece-Italy (TGI) interconnector, which was intended for Caspian gas, and to permit the Russian South Stream gas line to transit Greek territory, an arrangement to which PM Karamanlis signed on in June (though that deal too has subsequently stalled). Greek officials and energy executives assure us they understand the importance of diversification in energy supplies to Europe. But observers are now concerned about Karamanlis's December 18 visit to Moscow, where he could finalise B-A -- which Karamanlis considers a legacy issue -- with concessions to the Russians on GI and South Stream (ref b).

#### BEYOND ENERGY

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¶4. (C) The political-diplomatic realm also presents a complex picture. When a common EU position has been identified, the Greeks generally adhere to it, and the Karamanlis government has supported the NATO-EU line in relations with Russia on such issues as the CFE Treaty. But Greece -- as the only Orthodox country among the original EU 15 -- has at the same time claimed a special relationship with Russia vis-a-vis Western Europe. During her December 2006 visit to Moscow, FM Bakoyannis spoke of Greece's "vanguard role" in strengthening ties between Russia and the EU, and last June, she told U/S Burns she regarded Greece as a "natural partner" for Russia. Putin has visited Athens twice in the last two years, and the Russian FM and DefMin have also visited recently. Such ties translate into cooperation -- or at least a convergence of positions -- on such concrete issues as Kosovo independence, which Moscow (directly) and Athens (indirectly) have opposed.

Nevertheless, as the EU looks for a common position on Kosovo, Athens is attempting to reconcile its support for Belgrade with EU realities. Athens does not see its dual partnerships -- with the EU and with Russia -- as conflicting.

15. (C) Arms procurement is another area of potential cooperation, though so far there appears to be much more

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smoke than fire. Moscow clearly would like to boost arms sales to Greece, probably as much or more for the political benefit as for the economic benefit, though the latter could be substantial. Rosoboronexport and its agents are a prominent presence on the Greek arms-procurement scene, and Russian officials often speak of their desire to increase sales to Greece. Greek officials, who often use defense procurements to curry political favor with foreign governments, have not been unreceptive to Russian advances and have discussed many proposals with the Russians. But apart from the TOR missile deal in the late 1990s -- which is beset with technical problems and kickback allegations -- Greece has not signed a contract with Russia for a significant military system in years.

16. (C) The purchase of Russian Beriev BE-200 fire-fighting aircraft is one deal the Greeks have been considering for some time. The forest fires in August were an opportunity for the Russian planes to prove themselves in the Greek context, and Moscow was first to offer them when Greece asked for international assistance with aircraft (on a cost-reimbursed basis, like most other European countries). The Greeks are supposed to conduct an international tender this fall to replace their aging fleet of Canadair aircraft. The Russian BE-200 and a newer Canadair model are the only contenders, but each has problems: the Canadair are more expensive to purchase but cheaper to operate, while the Russian plane is unwieldy and requires fresh, not salt, water, which is at a premium in Greece. There is, however, no question that Russia's swift provision of aircraft last August will be a major factor in Greece's eventual purchase decision.

#### SOME TOUGH QUESTIONS

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17. (C) Observers are sharply divided over whether this growing closeness is a cause for concern. Retired Greek Ambassador Alcibiades Carokis told us the Karamanlis government was playing with fire in its dealings with Putin and wondered whether his former colleagues at the MFA understood the implications. He worried that increased dependence on Russian energy could result in increased political dependence and questioned whether Greece had either the political will or the diplomatic skill to manage its relationship with Russia effectively. "The Russians are very aggressive," he said, "and I really don't know what (the current Greek leadership) is trying to do."

18. (C) Other observers take a more nuanced position, noting both the advantages and disadvantages of Greece's relations with Russia, though they too emphasized the negative risks. Andrew Liaropoulos, senior analyst at the Research Institute for European and American Studies (RIEAS), surmised that the various pipelines could finally make Greece an important link in the global energy chain and increase investment and technical know-how. On the down side, however, Greece appeared headed for near complete dependence on a single energy source, which would likely result in Moscow also gaining a greater political voice in the region. On Kosovo, Liaropoulos believed Greek cooperation with Russia added diplomatic weight to Greece's desire to preserve existing borders; but in the end, Athens could find itself supplanted by Moscow as Belgrade's voice to the West (if that ever could be said to have existed).

19. (C) Ioannis Michaletos, a RIEAS Balkan Analyst, similarly

ved was poised to move beyond the energy sector: Greece had a perennial problem attracting foreign investment and thus needed the capital, but increasing "state capitalism" in Russia and the growing power of the siloviki (the former and current security force personnel occupying increasingly prominent positions in Putin's Russia) meant Greece could find its financial system penetrated by Russian intelligence agents. Michaletos and Liaropoulos were also pessimistic about the Greek leadership's ability to manage the relationship. They argued that Greece continued to work on an ad hoc basis in its dealings with Russia and that Greek diplomacy lacked the expertise and perspective to see the "global picture."

#### A MORE POSITIVE VIEW

¶10. (C) Chrysanthos Lazaridis, senior political advisor to New Democracy MP Antonis Samaras, took a more sanguine view. Lazaridis agreed that Greek diplomacy appeared unprepared to deal with the expanding Russian relationship and said Greek-Russian relations would continue to be defined by

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short-term objectives and peripheral concerns, which the Greek leadership mistook for "global" issues. But he believed Greek-Russian diplomatic overtures in any case were mostly for show and lacked real substance. Apparent cooperation on such issues as Kosovo represented a convergence of interests that would evaporate once the issues were settled. Similarly, the pipeline projects were not important in the long run given the energy independence offered by transporting oil by sea. Thus, while the Greek leadership was largely unprepared to deal with Russia, the problems were not so great that they wouldn't work themselves out.

#### QUO VADIS, MOSCOW?

¶11. (C) Johns Hopkins-trained Constantine Schinas, Expert-Counsellor on Russian Affairs in the MFA A5 Directorate for Russia and the CIS Countries, offered perhaps the most balanced view, though he expressed real concern about the direction in which Russia appeared to be developing. Schinas said the core of the relationship was economic, while much of the politics was "symbolic." He noted Greek-Russian historical ties but said Greece's "special relationship" with Russia stemming from the common Orthodox faith really functioned only on a sentimental level. Periodic summits took place and bilateral action plans were sometimes signed but there was no real substance. Similarly, despite the hype, there were few military sales to Greece, primarily because Greece did not want to commit to systems that would not be NATO-compatible.

¶12. (C) Economics -- and the energy question, in particular -- was another matter. Schinas said as Greece had grown increasingly dependent on Russian energy, the GOG had watched with concern Moscow's attempts to use the cut-off of supplies, first in Belarus then in Ukraine, for political purposes. Schinas thought the Kremlin had miscalculated and may have learned its lesson, but these incidents were troubling.

¶13. (C) This brought Schinas to the crux of the matter. Russia might simply be interested in maximizing its energy market share and thus had an interest in Western Europe prospering and growing economically. On the other hand, Russia's recent movement toward authoritarianism was disconcerting and raised the possibility that its ultimate goal was reasserting its political power through energy.

#### COMMENT

¶14. (C) So far, the Greeks have looked out for, and defended, specific interests, and we have seen them take tough negotiating positions with Moscow on energy deals. But the Greeks often define their interests in regional, not global and strategic, terms. This has been evident across a range of issues, from Afghanistan, to NATO enlargement, to security in the Aegean. Our conversations with Schinas at the MFA suggest there are some in the GOG who are thinking about the big picture on Russia. But we agree with those who question Greece's ability to manage its relationship with Russia effectively.

¶15. (C) The Greeks clearly enjoy being courted by the Russians, even if they often play hard-to-get. Putin has visited twice in the last two years, and we do not expect any slowdown in Russian advances. This is why high-level visits to Greece by U.S. officials, such as Secretary Bodman's visit later this month, remain important.  
COUNTRYMAN